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WEIMOB INC.

微盟集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2013)

(Convertible Bonds Code: 40702 and 40218)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The board of directors (the “**Directors**”) (the “**Board**”) of Weimob Inc. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2022 together with the comparative figures for the year ended December 31, 2021. The Group’s results have been audited by PricewaterhouseCoopers, the independent auditor of the Company, in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA, and have been reviewed by the Audit Committee (as defined below).

In this announcement, “**we**”, “**us**”, and “**our**” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended December 31, 2022⁽¹⁾	2021	Year-on-year change
	<i>(RMB in millions, except percentages)</i>		
Revenue	1,839.0	1,966.9	(6.5%)
Gross profit	1,090.7	1,501.5	(27.4%)
Operating loss	(1,849.7)	(712.3)	159.7%
Loss before income tax	(1,989.7)	(795.6)	150.1%
Loss for the year	(1,918.9)	(815.7)	135.2%
Total comprehensive loss for the year	(1,901.6)	(823.1)	131.0%
Non-HKFRS Measures:			
Adjusted EBITDA	(1,177.8)	(272.7)	331.9%
Adjusted net loss	(1,548.0)	(517.2)	199.3%

Note: (1) All financial figures mentioned thereafter refer to financial performance from continuing operations.

* For identification purpose only

2022 RESULTS HIGHLIGHTS

In 2022, we continued to adhere to the Group's three major strategies of moving up-market, ecosystem build-up and globalization, and invested in R&D for a long time. Our new WOS business operating system was successfully launched in 2022, creating a decentralized "digital infrastructure eco-base" and demonstrating our sensitivity and execution ability to raise the technological barriers to industry competition. Our SaaS subscription business performance maintained growth and the share of smart retail revenue continued to increase. We deeply synergized with Tencent strategy and actively explored the path of video account commercialization to empower retail enterprises to develop operational capabilities for multi-channel public and private domain traffic. Our business was growing resiliently.

Our total revenue⁽¹⁾ for 2022 reached RMB1,839 million, representing a decrease of 6.5% as compared to last year. The adjusted gross profit⁽¹⁾ decreased by 26.2% from RMB1,517 million in 2021 to RMB1,120 million in 2022, mainly due to the tightening of advertising budgets of merchants, which led to the intensification of competition among the industry and a higher year-on-year decrease in gross profit of Merchant Solutions, impacted by the pandemic and the macro environment. The adjusted net loss was RMB1,548 million, mainly because of a greater impact of pandemic and lockdown on the Company's business development; the deferred impact of increase in 2021 R&D investment, with staff cost reduction and efficiency gains not fully reflected throughout 2022. Also affected by the macro environment, we recorded fair value change of investments and specific provision for credit loss on financial assets of RMB568 million in aggregate; meanwhile, our net operating cash outflow throughout the year was RMB730 million, significantly lower than the adjusted net loss. It is worth noting that our total revenue for the second half of 2022 was RMB939 million, of which revenue from Subscription Solutions was RMB711 million, increased by 22.3% sequentially from the first half of the year, gross revenue from Merchant Solutions advertising for the second half of the year was RMB5,800 million, increased by 37.9% sequentially from the first half of the year, and operating cash outflow for the second half of the year was RMB246 million, decreased by 49.2% sequentially from the first half of the year. As of December 31, 2022, our cash and bank balances reached RMB3,066 million, with a healthy and stable financial structure.

For the year ended December 31, 2022, our revenue from Subscription Solutions was RMB1,292 million, representing a year-on-year increase of 8.7%, the number of paying merchants decreased by 3.1% to 99,604, and the ARPU increased by 12.2% to RMB12,968. Revenue from Merchant Solutions was RMB547 million, representing a year-on-year decrease of 29.7%; the number of paying merchants decreased by 7% to 53,855. Under the impact of the pandemic and the macro economy, the advertising budgets of merchants tightened, competition among the industry intensified, and the ARPU decreased by 24.5% to RMB10,163. We assisted merchants in the placement of a gross billing of RMB10.01 billion, representing a year-on-year decrease of 8.6%, and it stabilized and recovered in the second half of 2022, representing a year-on-year increase of 9.3%.

The Group continued to promote the implementation of three major strategies of “moving up-market”, “ecosystem build-up” and “globalization”. In terms of moving up-market, our revenue from Smart Retail amounted to RMB513 million for the whole year, representing a year-on-year increase of 20.4% and an organic year-on-year increase of 45.5%, still in relatively strong growth. Revenue from Smart Retail accounted for 40.0% of revenue from Subscription Solutions. It is expected that the proportion will increase to nearly 50% in 2023 and nearly 70% in 2025. We have also officially become the operation service provider for the WeChat video account, and launched the “Video Accounts (“VA”) Marketing Tool” solution in December 2022, which can enhance the full-chain marketing service capabilities with “video accounts” as the carrier and provide customers with a closed-loop marketing from live streaming sales in the public domain to the operating growth of users in the private domain.

In terms of ecosystem, we rolled out WOS, the first decentralized commercial operating system in the industry. WOS provided enterprises with a digital business infrastructure featured with “rapid iteration, high integration, expandability and flexible customization”. Since its launch, WOS has attracted nearly a hundred mainstream brands in the retail industry, including Lenovo Lebay (聯想樂嘜), Shanghai Jahwa (上海家化), Mengniu (蒙牛), Lecoo (來酷科技) and 3trees (三棵樹). As such, the speed of entering mini program of enterprises merchants increased by 30%, and the traffic carrying capacity increased by two to eight times. At present, WOS has launched major products and solutions covering customers in the e-commerce retail industry, including core products such as WeiMall, OneCRM, WeCom Assistant, and Smart Retail Solutions, and a number of industry solutions including supermarkets, catering, beauty industry and hotels will be gradually available online.

In 2022, 115 high-quality ecosystem partners newly joined the Weimob Cloud Platform, and over 1,700 cloud market applications and services were newly developed and released. Weimob Cloud worked with ecosystem partners to launch the “Beidou Star Service Provider Selection Program (北斗星服務商評選計劃)” and selected 21 ecosystem partners as Weimob Cloud Beidou Star service providers for whom we provided our platform capabilities and business innovation opportunities. By the end of 2022, Weimob Cloud Platform has launched 2,541 applications and services with order revenue reaching more than RMB15 million.

In terms of globalization, the Company established cooperation with foreign mainstream media including Google, Facebook and TikTok. Our ShopExpress has introduced the “sailing overseas to obtain global orders (跨境揚帆, 全球搶單)” program to provide cross-border companies with refined and professional agency operation, so as to support the post-pandemic economic recovery and help cross-border companies obtain overseas orders. Our ShopExpress has launched full-chain, digital and international solutions for B2B industries including machinery, lighting, automobile and motorcycle parts and electronic components.

During the reporting period, our market recognition and influence were further improved. In particular, we were included in the list of “2021 China Top 500 New Economy Enterprises”, the “Shanghai Top 100 Digital Trade Innovation Companies” and the “Shanghai Enterprise Technology Centers”, and were honored the “Growth Value Award of the Year” by Guru Club, the “Most Valuable Investment Award of the Year” by Cailian Press, the “Best Hong Kong Stock Connect Companies” by Zhitongcaijing.com, and the gold celebrity award and the excellent brand award in “2022 Kuaishou Magnetic Golden Bull Competition for Million Award (2022 快手磁力金牛百萬奪金爭霸賽)”. Mr. Sun Taoyong, the Chairman and Chief Executive Officer of the Group, was honored the “Pioneer of 2022 Shanghai Urban Digital Transformation” and the “Outstanding Development Leader Award” by JRJ.com.

The Company also actively fulfilled its corporate social responsibilities, supported the development of the real economy, and promoted the digital transformation of industries in Shanghai. During the COVID-19 outbreak in Shanghai, the Group launched the “Spring Rain” plan to support small and medium merchants in the fight against the pandemic and provided a free exposure of up to a million-level traffic in a single event, so as to help drive public traffic for cooperative brands in different industries. The Company offered digital tools to help a series of fresh merchants, such as “Caixiaorui”, “Counting Delicious” and “Haitianxia”, and traditional vegetable markets to set up mini program malls. During the pandemic period, it provided services for a total of 450,000 residents in 3,568 communities, ensuring their “Vegetable Basket” supply. In addition, the Group donated 21 tons of emergency daily life and medical supplies to residents where the headquarters is located, mobilized resources from various parties, and fully promoted staff volunteers to participate in the Shanghai anti-epidemic campaign.

In July 2022, the foundation stone laying ceremony of the headquarters building of the Group was launched. In an effort to make the headquarters building a new landmark for the cloud services of Chinese companies, we performed the mission to “support the digital transformation and upgrade of enterprises and drive business innovation through technologies, thus making business more intelligent” and actively responded to the goal of developing Shanghai as a major center for science and technology innovation.

In 2022, we rethought our past experience and development path and made changes, from revenue priority to efficiency priority, from growth priority to high-quality growth priority. We have experienced two rounds of staff adjustment in 2022, and it is our long-term and firm strategy to reduce costs and increase efficiency. The alternation of old and new is the theory of nature, we believe that we can achieve better growth in the new situation with a light burden.

BUSINESS REVIEW

In 2022, we continued to invest in promoting the digital infrastructure, expanding video accounts and private domain operations, and training digital talents, with a view to seeking for high quality, efficiency improvement and technological upgrading. Our key performances of the principal businesses and products during the reporting period are set out as below:

Subscription Solutions:

Our Subscription Solutions mainly provides SaaS software for e-commerce retail, catering, local life and other industries, enabling merchants to carry out private traffic management. During the reporting period, our revenue from Subscription Solutions was RMB1,292 million, representing a year-on-year increase of 8.7%, the number of paying merchants was 99,604, and the ARPU increased by 12.2% to RMB12,968.

As of December 31, 2022, we had 6,054 merchants in Smart Retail, and the revenue from Smart Retail was RMB513 million, representing a year-on-year increase of 20.4% and an organic year-on-year increase of 45.5%, and accounting for 40.0% of our revenue from Subscription Solutions. Among them, there were 1,212 branded merchants, each with an average contract value of RMB201 thousand. Weimob Smart Retail is becoming the preferred service provider for retail group enterprises, such as Marisfrolg Group, Joeone Group, Youngor Group, Fastfish Group, Uni-President Group, Huangshanghuang Group and Blue Moon. By serving conglomerates and large retailers, our Smart Retail has further increased its influence in KA market, 47% of the top 100 fashion retailers, 43% of the top 100 commercial properties and 35% of the top 100 chain convenience stores in China are using our services. In 2023, we will continue to digitalize retailers through various aspects such as system, technology, business, and ecology, to achieve win-win cooperation.

As video accounts became a powerful tool to combine public and private domains, the leading merchants for which the Group provided services recorded an average daily live streaming of up to 11 hours in 2022, with an average monthly live streaming of 26.7 days. During the Third 616 Weimob Retail Shopping Festival, the business scale of merchants in the Weimob video account live streaming segment hit a new high, and some branded merchants achieved 200% GMV goals.

In 2022, Weimob WeiMall and Smart Retail Solutions deeply cooperated with Xiaohongshu (小紅書), to improve the merchants' ability to make arrangements in all channels, by helping merchants open stores on Xiaohongshu. Meanwhile, Weimob as an ecosystem marketing service provider of Xiaohongshu, further promoted to form the complete chain from content recommendation to transaction transformation in the ecosystem of Xiaohongshu for merchants.

In order to promote the resilient growth of retail companies in the stock era and serve the digital upgrade of the real economy, we organized the “Weimob Shopping Guide Competition” with focus on “digital shopping guides” to increase sales, reduce inventories, improve efficiency and serve consumers. Over 200,000 first-line shopping guides and nearly 100 renowned brands participated in this competition. During the competition, the performance of participating merchants increased by 64.5% year-on-year; the number of new customers obtained by participating shopping guides increased by 160% year-on-year, and the performance of participating shopping guides increased by 81% year-on-year; the closed-shop performance of participating merchants increased by 37% month-on-month; and the number of live streaming viewers on the final night exceeded 530,000.

In terms of Smart Catering, we have made strategic adjustments to our product operation services, and deeply penetrated into the large-scale Chinese food industry through the “three-store integration and private domain operation”. Meantime, in order to promote the digital upgrade of catering companies, we implemented the program of doubling cash flows and new customer flows to increase the cash flows and new customer flows of various catering companies in the post-pandemic era. In the Smart Hotel and Tourism, our partner hotels cover the whole country (in East China, South China, Southwest China, Hainan and North China), including more than 1,619 international and domestic high-end branded hotel groups and their single stores. Along with the recovery of the tourism sector after the pandemic, Xiangminiao has opened up Douyin, and has created a single shop campaign of RMB7.5 million and RMB5 million of GMV in Douyin. At the same time, it has exported a refined operation methodology that can be replicated by the Douyin project, and deployed Xiangminiao to the Douyin market.

Weimob WeCom Assistant is an Integrated Marketing and Sales Smart Growth Solution developed by us based on WeCom. With the four core capabilities, namely full-domain customer acquisition, private domain retention, conversion and re-purchase, and data analysis, Weimob WeCom Assistant enables the refined private domain operation by enterprises and promotes the efficient conversion of customers. In view of the situation of the consumer market after the outbreak of the COVID-19 pandemic, Weimob WeCom Assistant also focused on three major private domain operation strategies, namely accumulation, activation and retention, to help merchants quickly recover their operation capabilities and achieve full-domain growth online and offline after the outbreak of the COVID-19 pandemic. As of December 31, 2022, our revenue from WeCom Assistant increased year-on-year by over 300%. The number of communities and external contacts of the merchants it serves maintained rapid growth. It has now covered more than 10 million of consumers in the community, and has obvious advantages in industries such as clothing, home furnishing, beauty and personal care and fast-moving consumer goods.

Meanwhile, “Xiaoke (銷氦)” of Sales CRM invested by us had a total of more than 400,000 paid accounts and served more than 30,000 enterprises through SaaS-based products and capabilities including enterprise data services, tools integrating telephone and network to reach customers, and digital sales process management. Combining core capabilities of smart outbound call with several reach and communication tools and capitalizing on private domain operation capabilities from mini program malls and WeCom Assistant, “Xiaoke” provides L2C business companies with SaaS tools and accompanying operation services for post-chain sales and operations, enabling the human-machine collaboration and automation in the user reach and marketing and sales stages. At present, it has established cooperation with numerous leading brands covering education, life services, consumer goods and retail industries.

Merchant Solutions:

Our Merchant Solutions serve the existing and potential merchants of our Subscription Solutions and provide merchants with integrated solutions that combine traffic, tool and operation, as well as a one-stop closed-loop operation covering user identification, demand matching, creativity and photography, targeted placement, data analysis and post-SaaS link conversion.

Due to the impact of internal and external conditions in 2022 including resurgence of COVID-19 in China, turbulent international situations and trade conflicts, the digital transformation became a strategic choice for enterprises to cope with uncertain market conditions. As such, the Company expanded the penetration of its TSO full-chain marketing strategy into different industries and scenarios.

During the reporting period, our revenue from Merchant Solutions was RMB547 million, representing a year-on-year decrease of 29.7%. We provided services to 53,855 paying merchants, and the ARPU decreased by 24.5% to RMB10,163. The gross billing from targeted marketing for merchants to acquire traffic was RMB10.01 billion, and it stabilized and recovered in the second half of 2022, representing a year-on-year increase of 9.3%.

We continued to strengthen our capabilities in the advertising and marketing innovation, in-depth penetration into industries and brand-efficiency synergy, empowered brand customers in various regions to achieve long-term growth, and further expanded into overseas markets to tap the value of private domain marketing for branded merchants in all industries. Currently, our services covered over 20 industries such as food, clothing, beauty, 3C and home decoration. In 2022, there were nearly 600 merchants receiving our TSO full-chain marketing services, including over 100 KA branded merchants, GMV growth for TSO merchants was over 100% year-on-year.

In terms of the breadth of public domain traffic, we continued to enhance our advertisement cooperation with Tencent, such as the placement and application of advertisements on Souyisou (搜一搜), video accounts and other new resources, and strengthened our in-depth cooperation with domestic and overseas mainstream media channels, such as Kuaishou, Xiaohongshu, Douyin, Google, Meta and TikTok. In terms of improving the traffic conversion rate of branded merchants, leveraging our advantages in SaaS technology and digital operation capabilities and relying on our products including WeiMall, WeCom Assistant and VA Marketing Tool, we provided branded merchants with a complete digital marketing matrix, and integrated one-stop marketing services with private domain operations empowered by data technology, thereby achieving a high-quality growth in the integration of full-chain services.

In terms of the video account content, we have successively set up short video livestreaming bases in Shanghai and Changsha, which aim to establish an integrated base for short video making, creative content planning, live streaming operation services and placement of advertisement and meet diversified marketing needs of domestic and overseas customers. At present, our short video livestreaming bases had over 100 million square meters of indoor and outdoor scenes and over 35 professional livestreaming rooms, with more than 100,000 short videos delivered each year.

We have promoted the growth of our international businesses while exploring to help Chinese merchants gain new growth in overseas markets. In order to support the post-pandemic economic recovery and help cross-border companies obtain overseas orders in a timely manner, our ShopExpress has introduced the “sailing overseas to obtain global orders (跨境揚帆, 全球搶單)” program to provide merchants with refined and professional agency operation.

BUSINESS OUTLOOK

In 2023, we will focus on the following major directions:

1. **Improving products and services and enhancing penetration rate in KA market.** We will continue to improve our products and services, promote the strategy of moving up-market to increase our market share, serve high-quality customers, continuously enhance the unit value of our products and services, and further increase the proportion of revenue from KA market to our revenue. To achieve this, we have launched a plan, by hook or by crook, and it is expected that by 2030, there will be more than 100 customers with tens of millions of revenue and more than 1,000 customers at million-level.
2. **Investing in product technology infrastructure continuously and collaborating on new business ecosystem of WOS.** We will continue to invest in technical infrastructure to ensure the leading position of Weimob product technology in the industry, and will incorporate more ecosystem partners into our new WOS commercial operating system and carry out personalized and customized development relying on the digital business infrastructure of WOS, thus create a new digital business ecosystem featured with joint work, sharing and win-win cooperation.
3. **Closely monitoring new technology directions such as AI and exploring opportunities at the application level.** We are open and keen to embrace the new technologies and its development, and are actively exploring GPT, Bard, ERNIE, etc. and self-developed in certain fields through open-source technology. We believe there are many possibilities and opportunities brought by the new technologies in the application level. In the context of retail industry, we have already started to explore in the fields of advertising and marketing, data intelligence, operation efficiency, and user experience, etc. It is our belief that with the new technologies, we can enable merchants to do business smarter and more efficient in the future.
4. **Internal strategic interoperability to drive high-quality growth.** After the launch of the new WOS commercial operating system, we will integrate our ecosystem with the strategy of moving up-market and cultivate the minds of users through the strategy of moving up-market and enhance user stickiness through our ecosystem, at the same time, the internal team will work together to expand the scale of high quality customers and facilitate high quality growth of the Group’s business.

5. **Strategic synergy with Tencent, increased investment in video account.** We will continue to upgrade the operation services for video accounts, promote the commercial process of video accounts, and support merchants to establish a whole chain of “attracting traffic from public domain – live streaming sales – accumulation in private domain” via video accounts, thereby securing the combined operation of public and private domains.
6. **Deepening TSO full-link layout and expand international business.** We will deepen our cooperation with major foreign media channels, through the “sailing overseas to obtain global orders” program, we will enable the efficient operation of cross-border merchants and promote the development of our global businesses.

Down the road we will see strong winds and great tides. Under more coordination and alignment of macro-control policies and optimized COVID-19 prevention and control policies in 2023, China will see an overall improvement in economic operations, and the SaaS industry will also seize opportunities from the digital transformation of enterprises to rebound from the bottom. In 2023, we will stick to the long term principles, keep on doing the right things despite all the difficulties, and provide better products and valuable services for the market and customers. In the future, our core direction is to enable our customers to increase their revenue and to be the best partner of our customer to promote their business growth, so as to achieve our mutual development, and create greater value for our shareholders and investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

	Year ended December 31,	
	2022	2021
	RMB' 000	RMB' 000
		(Restated)
Continuing operations		
Revenue	1,838,988	1,966,908
Cost of sales	<u>(748,337)</u>	<u>(465,405)</u>
Gross profit	1,090,651	1,501,503
Selling and distribution expenses	(1,637,126)	(1,655,506)
General and administrative expenses	(995,393)	(805,086)
Net impairment losses on financial assets	(170,803)	(77,252)
Other income	112,655	123,280
Other (losses)/gains, net	<u>(249,636)</u>	<u>200,747</u>
Operating loss	(1,849,652)	(712,314)
Finance costs	(171,063)	(91,133)
Finance income	21,322	15,563
Share of net (loss)/gain of associates accounted for using the equity method	(4,344)	6,991
Change in fair value of convertible bonds	<u>13,999</u>	<u>(14,690)</u>
Loss before income tax	(1,989,738)	(795,583)
Income tax credit/(expenses)	<u>70,864</u>	<u>(20,068)</u>
Loss from continuing operations	(1,918,874)	(815,651)
Discontinued operations		
Loss from discontinued operations	(852)	(37,592)
Loss for the year	<u>(1,919,726)</u>	<u>(853,243)</u>
Loss attributable to:		
– Equity holders of the Company	(1,828,566)	(783,023)
– Non-controlling interests	<u>(91,160)</u>	<u>(70,220)</u>

Key Operating Data

The following table sets forth our key operating data for the years ended/as of December 31, 2022 and 2021.

	Year ended/as of December 31,	
	2022	2021
<i>Subscription Solutions</i>		
Addition in number of paying merchants	23,568	27,690
Number of paying merchants	99,604	102,813
Attrition rate ⁽¹⁾	26.0%	23.3%
Revenue (RMB in millions)	1,291.7	1,187.8
ARPU ⁽²⁾ (RMB)	12,968	11,553
<i>Merchant Solutions</i>		
Number of paying merchants	53,855	57,909
Revenue (RMB in millions)	547.3	779.1
ARPU (RMB)	10,163	13,454
Gross billing (RMB in millions)	10,010.5	10,947.8

Notes:

- (1) Refers to the number of paying merchants not retained over a year divided by the number of paying merchants as of the end of the previous year.
- (2) Refers to the revenue of Subscription Solutions for the year divided by the number of paying merchants as of the end of such year.

Key Financial Ratios

	Year ended December 31,	
	2022	2021
	%	%
Total revenue growth	(6.5)	57.8 ⁽¹⁾
Adjusted gross margin ⁽²⁾	60.9	77.1
Adjusted EBITDA margin ⁽³⁾	(64.0)	(13.9)
Net margin ⁽⁴⁾ attributable to equity holders of the Company	(99.4)	(37.9)
Adjusted net margin ⁽⁵⁾ attributable to equity holders of the Company	(77.0)	(24.7)

Notes:

- (1) Equals total revenue before deducting compensation for SaaS sabotage event divided by total revenue for the year and multiplied by 100%.
- (2) Equals adjusted gross profit divided by revenue for the year and multiplied by 100%.
- (3) Equals adjusted EBITDA divided by revenue and multiplied by 100%. For the reconciliation from operating profit/(loss) to EBITDA and adjusted EBITDA, please refer to section “*Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss*” below.
- (4) Equals net profit/(loss) attributable to equity holders of the Company divided by revenue for the year and multiplied by 100%.
- (5) Equals adjusted net profit/(loss) attributable to equity holders of the Company divided by revenue and multiplied by 100%. For the reconciliation from net profit/(loss) to adjusted net profit/(loss), please refer to section “*Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss*” below.

Revenue

In 2022, the Company's management determined to terminate Digital Media business considering the business operation adjustment for simplifying business and focusing on key business. Therefore, no revenue was recorded for the year ended December 31, 2022 due to the discontinued operation of Digital Media.

Our total revenue decreased by 6.5% from approximately RMB1,966.9 million in 2021 to approximately RMB1,839.0 million in 2022, primarily due to the decrease in revenue from Merchant Solutions. The following table sets forth a breakdown of our revenue by business segments for the years indicated.

Revenue	Year ended December 31,			
	2022		2021	
	<i>(RMB in millions, except percentages)</i>			
	<i>Revenue</i>		<i>Revenue</i>	
	<i>per</i>		<i>per</i>	
	<i>financial</i>		<i>financial</i>	
	<i>statement</i>	<i>%</i>	<i>statement</i>	<i>%</i>
– Subscription Solutions	1,291.7	70.2	1,187.8	60.4
– Merchant Solutions	547.3	29.8	779.1	39.6
Total	1,839.0	100	1,966.9	100

Subscription Solutions

Subscription Solutions mainly comprise our commerce and marketing SaaS products and ERP solutions including WeiMall (微商城), Smart Retail (智慧零售), Smart Catering (智慧餐飲), Smart Hotel (智慧酒店), Heading ERP (海鼎ERP) and others. Based on our WOS and PaaS, we also provide key accounts customization services, and offer applications developed by third-party vendors on the WOS.

Revenue from Subscription Solutions increased by 8.7% from approximately RMB1,187.8 million in 2021 to approximately RMB1,291.7 million in 2022. As a result of pandemic and a challenging macro environment, the number of newly acquired merchants was less than that of the prior year and the attrition rate of merchants, especially small and medium merchants, increased. Hence, the number of paying merchants decreased by approximately 3.1% from 102,813 by the end of 2021 to 99,604 by the end of 2022. Despite the headwinds, the Company continued to drive forward the strategy of moving up-market and enhanced the ARPU by 12.2% from RMB11,553 in 2021 to RMB12,968 in 2022.

Merchant Solutions

Year ended December 31,
Year-on-year
2022 2021 change
(RMB in millions, except percentages)

Merchant Solutions

Gross billing	10,010.5	10,947.8	(8.6%)
Revenue	547.3	779.1	(29.7%)

Merchant Solutions mainly comprise value-added services offered to merchants as part of the integral solutions to meet merchants' online commerce and marketing, including targeted marketing services that enable merchants to acquire online customer traffic in various top online advertising platforms, our TSO service, and technology services to connect local banks and other financial institutions with merchants to fulfil their financing needs.

Gross billing from our Merchant Solutions decreased from approximately RMB10,947.8 million in 2021 to approximately RMB10,010.5 million in 2022, primarily attributable to the decrease in the number of paying merchants from 57,909 in 2021 to 53,855 in 2022, as well as a decrease in average spend per advertiser from RMB189,051 in 2021 to RMB185,877 in 2022 due to macro headwind and pandemic impact throughout the year, which contributed to shortfall in new customer development and customer advertising budget cut.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commissions from TSO service and targeted marketing operation service as well as fintech commissions. It decreased by 29.7% from approximately RMB779.1 million in 2021 to approximately RMB547.3 million in 2022, as a result of the decrease in gross billing for reasons aforementioned as well as the decrease in the net rebates, due to challenging macro and industrial environment and heated pricing competition within channels.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the years indicated.

	Year ended December 31,			
	2022		2021	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
Advertising traffic cost	91.0	12.2%	37.1	8.0%
Staff costs	133.9	17.9%	131.6	28.3%
Broadband and hardware costs	47.3	6.3%	58.9	12.6%
Contract operation services costs	211.6	28.3%	131.2	28.2%
Amortization of and impairment provision for intangible assets	250.8	33.5%	100.8	21.6%
Taxes and surcharges	12.6	1.7%	4.4	1.0%
Depreciation	1.1	0.1%	1.4	0.3%
Total	748.3	100%	465.4	100%

Our cost of sales increased by 60.8% from RMB465.4 million in 2021 to RMB748.3 million in 2022, primarily because (i) our advertising traffic cost increased from RMB37.1 million in 2021 to RMB91.0 million in 2022, in line with growing budget from key account merchants to obtain traffic as part of their TSO services; (ii) our operation services costs increased from RMB131.2 million in 2021 to RMB211.6 million in 2022, in line with the strong growth in the operating service to our key account merchants; and (iii) our amortization of and impairment provision for intangible assets increased RMB150.0 million from RMB100.8 million in 2021 to RMB250.8 million in 2022, due to (a) an increase of RMB136.0 million arising from amortisation of sustained investment in R&D in prior years to build up WOS and upgrade SaaS products and functionalities; and (b) an increase of RMB14.0 million from amortization and impairment loss of intangible assets of invested companies, which is the reconciliation item under Non-HKFRS measures as listed below.

Excluding the above Non-HKFRS items, our adjusted cost of sales increased by 59.7% from RMB450.2 million in 2021 to RMB719.1 million in 2022 (Adjusted cost, please refer to section “Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss” below).

The following table sets forth a breakdown of our cost of sales by business segment for the years indicated.

	Year ended December 31,			
	2022		2021	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
– Subscription Solutions	522.5	69.8%	338.9	72.8%
– Merchant Solutions	225.8	30.2%	126.5	27.2%
Total	748.3	100%	465.4	100%

Subscription Solutions

Cost of sales of our Subscription Solutions increased by 54.2% from RMB338.9 million in 2021 to RMB522.5 million in 2022, primarily due to (i) an increase of RMB42.4 million in our contract operation service costs, which was in line with the revenue growth relating to operating services to key accounts merchants; and (ii) an increase of RMB150.0 million in amortization and impairment loss of intangible assets due to the high R&D investment in prior years, as well as the amortization and impairment loss of intangible assets of invested companies, which is the reconciliation item under Non-HKFRS measures as listed below.

Excluding the above Non-HKFRS items, the adjusted cost of sales of our Subscription Solutions increased by 52.4% from RMB323.7 million in 2021 to RMB493.3 million in 2022 (Adjusted cost, please refer to the section “Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss” below).

Merchant Solutions

The cost of sales of our Merchant Solutions increased by 78.6% from RMB126.5 million in 2021 to RMB225.8 million in 2022, primarily due to the increase in traffic costs, as well as contract operation services costs which were in line with the growth of revenue from TSO and sales commission revenue from credit technology solutions.

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by business segment for the years indicated.

	Year ended December 31,					
	2022	2021		2021		
	<i>Gross profit</i>	<i>%</i>	<i>Gross margin</i>	<i>Gross profit</i>	<i>%</i>	<i>Gross margin</i>
			(RMB in millions, except percentages)			
- Subscription Solutions	769.2	70.5	59.5%	848.9	56.5	71.5%
- Merchant Solutions	321.5	29.5	58.7%	652.6	43.5	83.8%
Total	1,090.7	100.0	59.3%	1,501.5	100.0	76.3%

Our gross profit decreased by 27.4% from approximately RMB1,501.5 million in 2021 to approximately RMB1,090.7 million in 2022, primary due to the decrease in gross margin in both Subscription Solutions and Merchant Solutions.

The gross margin of our Subscription Solutions decreased from 71.5% in 2021 to 59.5% in 2022, primary due to slower revenue growth due to tough business environment for our merchants, the high research and development costs capitalized in previous years and the amortization so caused, as well as the amortization & impairment loss of intangible assets of invested companies, which is the reconciliation item under Non-HKFRS measures as listed below.

Excluding the above Non-HKFRS items, the gross margin of our Subscription Solutions decreased from 72.7% in 2021 to 61.8% in 2022 (Adjusted cost, please refer to the section “Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss” below).

The gross margin of our Merchant Solutions decreased from 83.8% to 58.7% due to the changes in revenue mix as, in addition to the relatively high gross margin from targeted marketing net rebate revenue, the gross margin of targeted marketing operation service, TSO service and credit technology solutions were relatively low.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 1.1% from RMB1,655.5 million in 2021 to RMB1,637.1 million in 2022, primarily due to the following items: (i) decrease in marketing and promotion expenses from RMB287.6 million in 2021 to RMB228.6 million in 2022 as a result of cost control as well as the pandemic impact during the year; (ii) decrease in contract acquisition costs from RMB261.6 million in 2021 to RMB200.2 million in 2022, in line with the decline in revenue from channels; and (iii) increase in staff costs for our sales and marketing personnel from RMB950.1 million in 2021 to RMB1,046.1 million in 2022. Excluding the Non-HKFRS items (share-based compensation), adjusted staff costs increased by RMB115.1 million from RMB897.1 million in 2021 to RMB1,012.2 million in 2022, which is elaborated in “Employee Benefits” below. Two rounds of organization optimization enabled us to decrease the adjusted staff costs by RMB5.2 million from RMB508.7 million in the first half of 2022 to RMB503.5 million in the second half of 2022.

General and Administrative Expenses

Our general and administrative expenses increased by 23.6% from RMB805.1 million in 2021 to RMB995.4 million in 2022, primarily due to (i) the decrease in other general and administrative expenses mainly including rental and traveling expenses as a result of cost control and pandemic impact; and (ii) the increase in staff cost from RMB579.9 million in 2021 to RMB787.6 million in 2022. Excluding the Non-HKFRS items (share-based compensation), adjusted staff costs increased by RMB243.3 million from RMB458.9 million in 2021 to RMB702.2 million in 2022, which is elaborated in “Employee Benefits” below; as a result of organization optimization, the adjusted staff costs have seen a decrease of RMB98.0 million from RMB400.1 million in the first half of 2022 to RMB302.1 million in the second half of 2022.

Research and Development Expenditure

	Year ended December 31,	
	2022	2021
	<i>(RMB in millions)</i>	
Research and development expenditure		
Research and development expenditure capitalized in development cost & intangible assets	241.3	330.4
Research and development expenditure in general & administrative expenses	578.2	444.6
	<hr/>	<hr/>
Total research and development expenditure	819.5	775.0
	<hr/> <hr/>	<hr/> <hr/>

Research and development expenditure increased by 5.7% from RMB775.0 million in 2021 to RMB819.5 million in 2022. Excluding the Non-HKFRS items (share-based compensation), adjusted research and development expenditure increased by 6.8% from RMB761.3 million in 2021 to RMB812.8 million in 2022, due to cost savings from our “Organization Optimization” while net off by the annualization effect which is elaborated in “Employee Benefits in Costs and Expenses” below.

Employee Benefits in Costs and Expenses

	2022	2021
	<i>(RMB'000, except employee number)</i>	
Number of employees	6,278	8,562
Employee benefits	<u>2,089,587</u>	<u>1,818,022</u>
Include:		
Sales & operation	<u>1,146,087</u>	<u>1,028,700</u>
R&D	745,162	679,859
– Capitalization	241,300	330,422
– Expense	<u>503,862</u>	<u>349,437</u>
Other general & administrative staff cost	<u>198,338</u>	<u>109,463</u>
Total general & administrative cost	<u><u>702,200</u></u>	<u><u>458,900</u></u>

Our adjusted employee benefits increased by RMB271.6 million from RMB1,818.0 million in 2021 to RMB2,089.6 million in 2022 due to the following reasons: (i) RMB503.0 million from annualization effect of our increased headcounts in 2021; (ii) RMB321.4 million deduction due to our “Organization Optimization” in 2022; and (iii) RMB89.9 million in severance compensation.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of approximately RMB170.8 million in 2022, primarily as a result of the general and specific provision for credit loss from our trade receivables, notes receivables, other receivables from customers, and financial assets at fair value through other comprehensive income, reflecting a challenging macro environment in 2022.

Other Income

Our other income decreased from approximately RMB123.3 million in 2021 to approximately RMB112.7 million in 2022, primarily due to a decrease of approximately RMB15.9 million in input VAT super deduction.

Other Losses, Net

We recorded other net losses of approximately RMB249.6 million in 2022, mainly due to the investment loss of RMB301.2 million netting off the foreign exchange gain of RMB59.0 million, while we recorded other net gains of approximately RMB200.7 million in 2021. The investment loss mainly included below items.

RMB in millions

Syoo	(41.2)
Xiaoke	(144.5)
Xiangxinyun ⁽¹⁾	(194.8)

- (1) Goodwill of RMB236,752,000 generated from Xiangxinyun acquisition was initially allocated to Subscription Solution CGU and was reallocated back to Xiangxinyun CGU due to business structure adjustment in October 2022. For goodwill allocated to Xiangxinyun CGU, the Group recorded impairment of RMB194,843,000 as at December 31, 2022 in light of the changes in economic, operating and market environment.

Operating Loss

As a result of the foregoing, we had an operating loss of approximately RMB1,849.7 million in 2022 while we had an operating loss of approximately RMB712.3 million in 2021. The increase of operating loss was mainly attributed to the slow revenue growth under tough macro-environment, the increase of RMB93.5 million in impairment losses on financial assets and fair value losses of RMB397.4 million in our investments considering the tough economic and financial environment.

Finance Costs

Our finance costs increased significantly from approximately RMB91.1 million in 2021 to approximately RMB171.1 million in 2022, primarily due to an increase of RMB34.9 million in our interest expense from our bank borrowings and an increase of RMB42.8 million in the amortization of interest expense on convertible bonds under effective interest method.

Finance Income

Our finance income increased from approximately RMB15.6 million in 2021 to approximately RMB21.3 million in 2022, primarily due to an increased interest income on our bank deposits as a result of an increase in the average balance of our bank deposits in 2022.

Share of Net (Loss)/Gain of Associates Accounted for Using the Equity Method

We recorded share of net loss of associates accounted for using the equity method of approximately RMB4.3 million in 2022, which mainly represented our share of loss from equity investment funds.

Change in Fair Value of Convertible Bonds

We recorded a gain of approximately RMB14.0 million in change in fair value of the convertible bonds issued in 2020 due to favourable changes in fair value of convertible bonds.

Income Tax Credit/(Expense)

We recorded income tax expense of approximately RMB20.1 million in 2021 and income tax credit of approximately RMB70.9 million in 2022, primarily due to the recognition of deferred income tax assets resulting from the increased impairment losses on financial assets and increased tax losses in our subsidiaries in PRC.

Loss for the Year

As a result of the foregoing, we recorded a loss of approximately RMB1,918.9 million in 2022 while we recorded a loss of approximately RMB815.7 million in 2021.

Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net Loss

To supplement our consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted EBITDA and adjusted net loss as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe these non-HKFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance. We believe these measures provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management.

However, our presentation of adjusted EBITDA and adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRS.

The following tables reconcile our adjusted EBITDA and adjusted net loss for the years presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS, which are operating loss for the year and net loss for the year:

	For the year ended December 31, 2022							
	Adjustments ⁽²⁾							
	<i>(RMB in millions, unless specified)</i>							
	As reported	Share-based compensation	Financing, listing and other one-off expenses	Fair value change and other gain/loss related to convertible bonds	Impairment loss of intangible assets	Amortisation of intangible assets ⁽¹⁾	Tax effects	Non-GAAP
Gross profit	1,090.7				20.4	8.8		1,119.9
Gross margin	59.3%							60.9%
Subscription Solutions	59.5%							61.8%
Merchant Solutions	58.7%							58.7%
Operating loss	(1,849.7)	119.3	3.6	172.3	20.4	45.5		(1,488.6)
Operating margin	(100.6%)							(80.9%)
EBITDA	(1,489.8)	119.3		172.3	20.4			(1,177.8)
EBITDA margin	(81.0%)							(64.0%)
Net loss	(1,918.9)	119.3	98.3	158.3	20.4	45.5	(70.9)	(1,548.0)
Net margin	(104.3%)							(84.2%)
Net loss attributable to equity holders of the Company	(1,827.7)	119.3	98.3	158.3	20.4	26.9	(11.0)	(1,415.5)
Net margin attributable to equity holders of the Company	(99.4%)							(77.0%)

	For the year ended December 31, 2021						
	Adjustments ⁽²⁾						
	<i>(RMB in millions, unless specified)</i>						
	As reported	Share-based compensation	Financing, listing and other one-off expenses	Change in fair value of convertible bonds	Amortisation of intangible assets	Tax effects	Non-GAAP
Gross profit	1,501.5				15.2		1,516.7
Gross margin	76.3%						77.1%
Subscription Solutions	71.5%						72.7%
Merchant Solutions	83.8%						83.8%
Operating loss	(712.3)	174.0			37.8		(500.5)
Operating margin	(36.2%)						(25.4%)
EBITDA	(446.7)	174.0					(272.7)
EBITDA margin	(22.7%)						(13.9%)
Net loss	(815.7)	174.0	51.9	14.7	37.8	20.1	(517.2)
Net margin	(41.5%)						(26.3%)
Net loss attributable to equity holders of the Company	(745.4)	174.0	51.9	14.7	21.5	(3.3)	(486.6)
Net margin attributable to equity holders of the Company	(37.9%)						(24.7%)

Notes:

- (1) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales of RMB8.8 million, from selling and distribution expenses of RMB23.2 million and from general and administrative expenses of RMB13.5 million.
- (2) All figures mentioned here were from continuing operations.

Our non-GAAP loss increased from RMB517.2 million in 2021 to RMB1,548.0 million in 2022, mainly because (i) our net impairment loss increased by RMB93.5 million from RMB77.3 million in 2021 to RMB170.8 million in 2022 as we provided more reserves on receivable from customers; and (ii) we had a fair value loss of RMB397.4 million in 2022, while we had a fair value gain of RMB182.2 million in 2021, the difference between two years was RMB(579.6) million, excluding the above reserves, our non-GAAP loss was RMB979.8 million in 2022.

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of December 31, 2022, we had cash and bank balances of approximately RMB3,065.8 million. The details are as below.

RMB'000

Cash and bank balances

Financial assets at fair value through profit or loss	
Structured deposits	345,000
Bank wealth management products	229,008
Restricted cash*	781,308
Term deposits	417
Cash and cash equivalents	<u>1,710,103</u>
Total	<u><u>3,065,836</u></u>

* Restricted cash mainly refers to cash deposited in offshore banks as a guarantee of domestic loans in Renminbi (Onshore Loans against Offshore Guarantees).

The following table sets forth our gearing ratios as of December 31, 2022 and December 31, 2021, respectively.

	As of December 31,	
	2022	2021
	<i>(RMB'000, except percentages)</i>	
Net debt/(cash)	1,424,761	(694,536)
Total equity	2,241,046	4,213,818
Total capital	3,665,807	3,519,282
Net debt to equity ratio	64%	N/A

As of December 31, 2022, we had bank loan of approximately RMB1,818.9 million. The table below sets forth our short-term bank loans and letter of credit:

Bank	Loan balance <i>(RMB in millions)</i>	Loan period	Interest rate (per annum unless otherwise stated)
Short-term bank loans			
CCB Shanghai Zhangmiao Sub-branch	50.00	1 year	3.85%
SPD Silicon Valley Bank Co., Ltd.	130.00	6 mths	4.2%-4.4%
HSBC Shanghai Branch	63.00	3 mths	4.15%
China Zheshang Bank Shanghai Branch	50.00	6 mths	4.35%
Shanghai Rural Commercial Bank Songnan Sub-branch	30.00	6 mths	3.40%
Shanghai Rural Commercial Bank Songnan Sub-branch	70.00	1 year	4.38%
Bank of Shanghai Puxi Sub-branch	695.87	1 year	2.8%-4%
China CITIC Bank Waitan Sub-branch	150.00	1 year	4.10%
Bank of Communications Shanghai Baoshan Sub-branch	100.00	6 mths	3.55%
Bank of China Shanghai Gaojing Sub-branch	50.00	6 mths	3.65%
Bank of China Shanghai Gaojing Sub-branch	150.00	1 year	2.85%
Letter of credit			
SPD Changning Sub-branch	50.00	1 year	3.20%
Bank of Ningbo Jinqiao Sub-branch	80.00	1 year	3.28%-3.35%
China Merchants Bank Shanghai Branch	50.00	1 year	3.50%
China Zheshang Bank Shanghai Branch	100.00	1 year	2.75%

Capital Expenditures

Our capital expenditures primarily consist of expenditures for (i) fixed assets, comprising computer equipment, office furniture, vehicles and renovation of rental offices and assets under construction; and (ii) intangible assets, including our trademark, acquired software license, and self-developed software.

The following table sets forth our capital expenditures for the years indicated:

	As of December 31,	
	2022	2021
	<i>(RMB in millions)</i>	
Fixed assets	87.2	47.7
Intangible assets	241.6	331.7
Right-of-use assets-land use rights	334.2	—
Total	663.0	379.4

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the year ended December 31, 2022. Apart from those disclosed in this announcement, there were no material investments or additions of capital assets authorised by the Board as at the date of this announcement.

Pledge of Assets

As of December 31, 2022, we did not pledge any of our assets.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from our recognized assets and liabilities when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. In 2022, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities.

Employees

As of December 31, 2022, we had 6,278 full-time employees, the majority of whom are based in Shanghai, China.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

As a matter of policy, we provide a robust training program for new employees that we hire. We also provide regular and specialized trainings both online and offline, tailored to the needs of our employees in different departments. In addition, we provide training curriculums tailored to new employees, current employees and management members based on their roles and skill levels, through our training centre, Weimob University.

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended December 31, 2022

		Year ended December 31	
		2022	2021
	Note	RMB'000	RMB'000 (Restated)
Continuing operations			
Revenue	4	1,838,988	1,966,908
Cost of sales	5	<u>(748,337)</u>	<u>(465,405)</u>
Gross profit		1,090,651	1,501,503
Selling and distribution expenses	5	<u>(1,637,126)</u>	<u>(1,655,506)</u>
General and administrative expenses	5	<u>(995,393)</u>	<u>(805,086)</u>
Net impairment losses on financial assets		<u>(170,803)</u>	<u>(77,252)</u>
Other income	6	112,655	123,280
Other (losses)/gains, net	7	<u>(249,636)</u>	<u>200,747</u>
Operating loss		(1,849,652)	(712,314)
Finance costs	8	<u>(171,063)</u>	<u>(91,133)</u>
Finance income	9	21,322	15,563
Share of net (loss)/gain of associates accounted for using the equity method		<u>(4,344)</u>	<u>6,991</u>
Change in fair value of convertible bonds		<u>13,999</u>	<u>(14,690)</u>
Loss before income tax		(1,989,738)	(795,583)
Income tax credit/(expenses)	10	<u>70,864</u>	<u>(20,068)</u>
Loss from continuing operations		(1,918,874)	(815,651)
Discontinued operations			
Loss from discontinued operation		<u>(852)</u>	<u>(37,592)</u>
Loss for the year		<u>(1,919,726)</u>	<u>(853,243)</u>
Loss attributable to:			
– Equity holders of the Company		<u>(1,828,566)</u>	<u>(783,023)</u>
– Non-controlling interests		<u>(91,160)</u>	<u>(70,220)</u>
		<u>(1,919,726)</u>	<u>(853,243)</u>
Other comprehensive loss, net of tax			
<i>Items that may not be subsequently reclassified to profit or loss</i>			
Change in fair value of financial liabilities from own credit risk		<u>–</u>	<u>4,864</u>
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>17,306</u>	<u>(12,285)</u>
Total comprehensive loss for the year		<u>(1,902,420)</u>	<u>(860,664)</u>

		Year ended December 31	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000 (Restated)
Total comprehensive loss attributable to:			
– Equity holders of the Company		(1,811,260)	(790,444)
– Non-controlling interests		(91,160)	(70,220)
		<u>(1,902,420)</u>	<u>(860,664)</u>
Total comprehensive loss attributable to equity holders of the Company arises from:			
– Continuing operations		(1,810,408)	(752,852)
– Discontinued operations		(852)	(37,592)
		<u>(1,811,260)</u>	<u>(790,444)</u>
Loss per share from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	<i>12</i>	<u>(0.73)</u>	<u>(0.31)</u>
– Diluted loss per share	<i>12</i>	<u>(0.73)</u>	<u>(0.31)</u>
Loss per share attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic loss per share	<i>12</i>	<u>(0.73)</u>	<u>(0.33)</u>
– Diluted loss per share	<i>12</i>	<u>(0.73)</u>	<u>(0.33)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		As at December 31	
		2022	2021
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		150,772	87,959
Right-of-use assets		475,356	266,584
Investment properties		35,720	34,940
Intangible assets		1,410,466	1,229,798
Development costs		4,754	51,253
Deferred income tax assets		61,808	25,087
Contract acquisition cost		37,096	44,979
Investments accounted for using the equity method		245,560	57,433
Financial assets at fair value through profit or loss		537,969	1,064,574
Prepayments, deposits and other assets	13	68,704	21,174
Other non-current assets		–	35,217
Total non-current assets		3,028,205	2,918,998
Current assets			
Trade and notes receivables	14	376,330	361,468
Contract acquisition cost		72,270	88,649
Prepayments, deposits and other assets	13	1,054,327	1,609,247
Financial assets at fair value through profit or loss		624,012	458,297
Financial assets at fair value through other comprehensive income		323,744	190,298
Restricted cash		781,308	535
Cash and cash equivalents		1,710,103	3,809,069
Term deposits		417	–
Total current assets		4,942,511	6,517,563
Total assets		7,970,716	9,436,561

	As at December 31	
	2022	2021
<i>Note</i>	RMB'000	RMB'000
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	1,717	1,716
Shares held for RSU scheme	(644)	(1,928)
Share premium	7,475,254	7,549,147
Equity component of convertible bonds	335,474	366,482
Treasury shares	(39,110)	–
Other reserves	(905,569)	(962,933)
Accumulated losses	(4,717,577)	(2,889,011)
	<u>2,149,545</u>	<u>4,063,473</u>
Non-controlling interests	<u>91,501</u>	<u>150,345</u>
Total equity	<u><u>2,241,046</u></u>	<u><u>4,213,818</u></u>
LIABILITIES		
Non-current liabilities		
Financial liabilities measured at fair value through profit or loss	37,595	538,029
Financial liabilities measured at amortised cost	1,772,167	1,561,499
Lease liabilities	85,059	177,267
Contract liabilities	67,791	90,875
Deferred income tax liabilities	13,093	56,726
Other non-current liabilities	15 5,156	5,406
Total non-current liabilities	<u>1,980,861</u>	<u>2,429,802</u>
Current liabilities		
Bank borrowings	1,818,870	745,000
Lease liabilities	66,196	93,273
Trade and other payables	15 1,426,123	1,637,017
Contract liabilities	291,312	316,505
Current income tax liabilities	9,606	1,146
Financial liabilities measured at fair value through profit or loss	136,702	–
Total current liabilities	<u>3,748,809</u>	<u>2,792,941</u>
Total liabilities	<u><u>5,729,670</u></u>	<u><u>5,222,743</u></u>
Total equity and liabilities	<u><u>7,970,716</u></u>	<u><u>9,436,561</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at December 31, 2022

	Attributable to equity holders of the Company									
	Share capital RMB'000	Share premium RMB'000	Treasury Shares RMB'000	Shares held for RSU scheme RMB'000	Equity component of convertible bonds RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2022	1,716	7,549,147	-	(1,928)	366,482	(962,933)	(2,889,011)	4,063,473	150,345	4,213,818
Comprehensive loss										
Loss for the year	-	-	-	-	-	-	(1,828,566)	(1,828,566)	(91,160)	(1,919,726)
Currency translation differences	-	-	-	-	-	17,306	-	17,306	-	17,306
Total comprehensive loss for the year	-	-	-	-	-	17,306	(1,828,566)	(1,811,260)	(91,160)	(1,902,420)
Transaction with owners										
Issuance of ordinary shares for share-based compensation	11	-	-	(11)	-	-	-	-	-	-
Cancellation of buy-back shares	(10)	(73,893)	-	-	-	-	-	(73,903)	-	(73,903)
Transfer of vested RSUs	-	-	-	1,295	-	(1,295)	-	-	-	-
Buy-back of ordinary shares (not yet cancelled)	-	-	(39,110)	-	-	-	-	(39,110)	-	(39,110)
Buy-back of convertible bonds	-	-	-	-	(31,008)	(23,584)	-	(54,592)	-	(54,592)
Share-based compensation expenses for employees	-	-	-	-	-	112,220	-	112,220	-	112,220
Share-based compensation expenses for non-controlling shareholders	-	-	-	-	-	-	-	-	7,118	7,118
Non-controlling interests from acquisition of subsidiaries	-	-	-	-	-	(53,195)	-	(53,195)	39,772	(13,423)
Non-controlling interests from disposal of subsidiaries	-	-	-	-	-	-	-	-	(8,662)	(8,662)
Transaction with non-controlling interests	-	-	-	-	-	5,912	-	5,912	(5,912)	-
Transactions with owners in their capacity for the year	1	(73,893)	(39,110)	1,284	(31,008)	40,058	-	(102,668)	32,316	(70,352)
As at December 31, 2022	1,717	7,475,254	(39,110)	(644)	335,474	(905,569)	(4,717,577)	2,149,545	91,501	2,241,046

Attributable to equity holders of the Company

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Equity component			Accumulated losses <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
			Shares held for RSU scheme <i>RMB'000</i>	of convertible bonds <i>RMB'000</i>	Other reserves <i>RMB'000</i>				
As at January 1, 2021	1,529	4,278,775	(15,819)	-	(1,106,251)	(2,110,217)	1,048,017	204,473	1,252,490
Comprehensive loss									
Loss for the year	-	-	-	-	-	(783,023)	(783,023)	(70,220)	(853,243)
Currency translation differences	-	-	-	-	(12,285)	-	(12,285)	-	(12,285)
Change in fair value of financial liabilities from own credit risk	-	-	-	-	4,864	-	4,864	-	4,864
Total comprehensive loss for the year	-	-	-	-	(7,421)	(783,023)	(790,444)	(70,220)	(860,664)
Transfer of realized fair value changes that were initially recorded in other comprehensive income to retained earnings	-	-	-	-	(4,229)	4,229	-	-	-
Transaction with owners									
Issuance of ordinary shares	99	1,916,595	-	-	-	-	1,916,694	-	1,916,694
Share issuance costs	-	(19,950)	-	-	-	-	(19,950)	-	(19,950)
Issuance of ordinary shares for share-based compensation	24	-	(24)	-	-	-	-	-	-
Cancellation of buy-back shares	(24)	(336,704)	-	-	-	-	(336,728)	-	(336,728)
Conversion of convertible bonds	88	1,710,431	-	-	-	-	1,710,519	-	1,710,519
Recognition of equity component of convertible bonds	-	-	-	366,482	-	-	366,482	-	366,482
Transfer of vested RSUs	-	-	13,915	-	(13,915)	-	-	-	-
Share-based compensation expenses for employees	-	-	-	-	164,935	-	164,935	9,028	173,963
Transaction with non-controlling interests	-	-	-	-	3,948	-	3,948	(3,948)	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	7,000	7,000
Non-controlling interests from acquisition of a subsidiary	-	-	-	-	-	-	-	4,012	4,012
Transactions with owners in their capacity for the year	187	3,270,372	13,891	366,482	154,968	-	3,805,900	16,092	3,821,992
As at December 31, 2021	1,716	7,549,147	(1,928)	366,482	(962,933)	(2,889,011)	4,063,473	150,345	4,213,818

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	Note	Year ended December 31	
		2022 RMB'000	2021 RMB'000
Cash flows used in operating activities			
Cash used in operations		(675,208)	(614,642)
Interest received	9	18,075	15,563
Interest paid		(71,988)	(75,311)
Income tax paid		(770)	(799)
Net cash used in operating activities		(729,891)	(675,189)
Cash flows from investing activities			
Purchase of investments measured at fair value through profit or loss (current and non-current portion)		(1,440,676)	(1,478,884)
Proceeds from disposals of investments measured at fair value through profit or loss		1,104,887	794,919
Placements of term deposits		(1,260,697)	–
Receipt from term deposits		1,341,845	–
Interest received from term deposits		5,884	–
Payment to invest in associates		(17,500)	(22,500)
Receipt of dividends from an associate		–	19,091
Proceeds from disposals of investments in associates		226	321
Payment for acquisition of subsidiaries, net of cash acquired		(361,289)	(27,081)
Net cash outflow arising from disposal of subsidiaries		(144,126)	–
Prepayment for equity investment		–	(35,217)
Purchase of property, plant and equipment		(37,807)	(46,389)
Purchase of land use right		(334,214)	–
Proceeds from disposal of property, plant and equipment		1,481	1,831
Purchase of intangible assets		(383)	(1,318)
Payment for development cost		(241,253)	(331,029)
Loan to related parties		(89,000)	(110,169)
Repayment from a related party		16,000	4,000
Loan to a third party		(153,787)	–
Repayment from a third party		128,544	–
Net cash used in investing activities		(1,481,865)	(1,232,425)

	Year ended December 31	
	2022	2021
<i>Note</i>	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	–	1,916,694
Transaction costs of share issuance	–	(19,950)
Proceeds from issuance of convertible bonds at amortised cost	–	1,929,930
Issuance costs of convertible bonds at amortised cost	–	(40,297)
Buy-back of convertible bonds at amortised cost	(112,948)	–
Buy-back of shares	(113,013)	(336,728)
Proceeds from bank borrowings	2,807,870	1,251,000
Proceeds from borrowing from a third party	–	2,500
Repayments of bank borrowings	(1,734,000)	(971,050)
Proceeds from financial liabilities measured at fair value through profit or loss	–	345,000
Payment for borrowings due to a third party	(250)	–
Repayment of financial liabilities measured at fair value through profit or loss	–	(19,787)
Principal elements of lease payments	(60,065)	(54,436)
Redemption of preferred shares in subsidiaries	–	(29,934)
Increase in deposits pledged for bank borrowings	(720,839)	–
Capital injection from non-controlling interests	–	7,000
Cash incentives paid for convertible bonds conversion	–	(41,151)
	<hr/>	<hr/>
Net cash generated from financing activities	66,755	3,938,791
	<hr/> <hr/>	<hr/> <hr/>
Net (decrease)/increase in cash and cash equivalents	(2,145,001)	2,031,177
Effect on exchange rate difference	46,035	(46,084)
Cash and cash equivalents at beginning of the year	3,809,069	1,823,976
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	1,710,103	3,809,069
	<hr/> <hr/>	<hr/> <hr/>
Cash flows relating to discontinued operations	(1,112)	(50,657)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Weimob Inc. (the “Company”) was incorporated in the Cayman Islands on January 30, 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “Group”) are principally engaged in providing digital commerce and media services for merchants in the People’s Republic of China (the “PRC”). The Group offers digital commerce services to merchants including software as a service (“SaaS”) products offering, customised software development, software related services, online marketing support services and in-depth operation and marketing services etc.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since January 15, 2019 (the “Listing”).

These consolidated financial statements are presented in Renminbi (“RMB”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 30, 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial assets and liabilities measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to HKFRS 16 (March 2021) (the “HKFRS 16 Amendment (March 2021)”)
- Amendments to AG 5 Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on January 1, 2022 and have not been early adopted by the Group:

	New standards, amendments and interpretations	Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	January 1, 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to HKAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Hong Kong Interpretations 5 (2020)	Presentation of Financial Statements-classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2023
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024

For the amendments which are effective after January 1, 2023, the Group has assessed and concluded that it has no material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. For those amendments which have not been effective as of the announcement date, the Group is still assessing the likely impact of adopting the above new standards. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group structured its operating segments and its service offering by providing integrated products of SaaS and targeting marketing services, in order to better empower digital transformation for merchants through offering diverse business solution. The Group structured its operation to three segments, including subscription solutions and merchant solutions as the core, and digital media as the supplement, both in the internal reports to CODM and in the consolidated financial statements of the Group. Subscription solutions mainly comprise the Group's standard cloud-hosted SaaS products, customised software and other software related services. Merchant solutions mainly comprise value-added services offered to merchants as part of the holistic solutions to meet merchants' online digital commerce, marketing and financing needs, including assisting merchants to purchase online advertising traffic in various media platforms, providing in-depth operation and marketing services and credit analytics and recommendation services. Digital media mainly comprise advertisement placement services offered to certain merchants in which specified results or actions are committed. In 2022, the Group determined to terminate digital media business considering the business operation adjustment for simplifying disadvantaged business and focusing on key business.

The CODM assesses the performance of the operating segments mainly based on segment revenues and segment gross profit. The revenues from external customers reported to CODM are measured as segment revenues, which are the revenues derived from the customers in each segment. The segment gross profit is calculated as segment revenue minus segment cost of sales. Cost of sales for subscription solutions segment primarily comprised of employee benefit expenses and other direct services costs. Cost of sales for merchant solutions primarily comprised of employee benefit expenses and traffic purchase cost.

As at December 31, 2022 and 2021, substantial majority of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the consolidated financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	Subscription solutions RMB'000	Merchant solutions RMB'000	Total RMB'000
Year ended December 31, 2022			
Segment revenue (a)	1,291,676	547,312	1,838,988
Segment cost of sales	<u>(522,498)</u>	<u>(225,839)</u>	<u>(748,337)</u>
Gross profit	<u>769,178</u>	<u>321,473</u>	<u>1,090,651</u>
	Subscription solutions (Note a) RMB'000	Merchant solutions RMB'000	Total RMB'000
Year ended December 31, 2021			
Segment revenue (a)	1,187,826	779,082	1,966,908
Segment cost of sales	<u>(338,924)</u>	<u>(126,481)</u>	<u>(465,405)</u>
Gross profit	<u>848,902</u>	<u>652,601</u>	<u>1,501,503</u>

- (a) Considering the business operation adjustment for simplifying disadvantaged business and focusing on key business, the Group discontinued the business of digital media services in 2022.

The following table summarized customers contributing to more than 10% of the total revenue recognized by the Group:

	Year ended December 31	
	2022	2021
Beijing Tencent Culture Media Company Limited (“Tencent”)	<u>15.7%</u>	<u>19.0%</u>

Except for the revenue generated from Tencent where the Group provides merchant solutions to advertisers acting as the agent of Tencent and earns rebate, there is no concentration risk as no revenue from a single external customer was more than 10% of the Group’s total revenue for the years ended December 31, 2022 and 2021, respectively.

4 REVENUE

An analysis of the Group’s revenue by category for the years ended December 31, 2022 and 2021, is as follows:

4.1 Disaggregation of revenue from contracts with customers

	Year ended December 31	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Subscription solutions	1,291,676	1,187,826
Merchant solutions	<u>547,312</u>	<u>779,082</u>
Total revenue from continuing operations	<u>1,838,988</u>	<u>1,966,908</u>

5 EXPENSES BY NATURE

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Employee benefits expenses	1,967,582	1,661,506
Promotion and advertising expenses (a)	434,093	549,161
Depreciation and amortisation	294,307	195,684
Outsourced service fee	211,584	132,645
Server and SMS charges related to subscription solutions revenue	116,709	106,476
Advertising traffic cost	90,995	37,136
Utilities and office expenses	90,231	87,031
Depreciation of right-of-use assets	65,526	70,048
Impairment provision for intangible assets	40,725	–
Travelling and entertainment expenses	32,530	44,893
Other consulting fees	14,336	22,127
Auditors' remuneration	5,754	6,019
Others	16,484	13,271
	<u>3,380,856</u>	<u>2,925,997</u>

- (a) Promotion and advertising expenses for the current year mainly consists of (i) RMB200,148,000 amortisation expenses of contract acquisition cost (2021: RMB261,596,000) and (ii) RMB190,122,000 advertising expenses, which were mainly paid and payable to Shenzhen Tencent Computer Systems Company Limited and Baidu Com (Beijing) Co., Ltd. (2021: RMB298,864,000).

6 OTHER INCOME

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Super deduction of input VAT (i)	64,919	80,857
Government grants (ii)	41,042	39,661
Interest income from term deposits and loan to related and third parties	6,694	2,762
	<u>112,655</u>	<u>123,280</u>

- (i) Pursuant to the 'Announcement on Relevant Policies for Deepening the Value-added Tax Reform' (Cai Shui Haiguan [2019] 39) jointly issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, the Group, as a service company, qualifies for additional 10% deduction of input value-added tax ("Super Deduction of input VAT") from output VAT since April 1, 2019.

- (ii) Government grants mainly represent tax refund entitled to receive.

7 OTHER (LOSSES)/GAINS, NET

	Year ended December 31	
	2022	2021
	RMB' 000	RMB' 000
Gains from settlement of financial liabilities	89,809	–
Foreign exchange gain, net	59,016	29,363
Gain from disposal of short-term investments measured at FVPL	3,414	3,469
Fair value change of current financial assets measured at FVPL	790	1,883
Fair value change of investment properties	780	2,539
Losses on disposals of financial assets measured at FVOCI	(2,806)	(10,682)
Fair value change of non-current financial liabilities measured at FVPL	(7,904)	(21,411)
Fair value change of listed equity security investments	(19,109)	2,220
Fair value change of non-current financial assets measured at FVPL	(174,729)	194,235
Impairment loss of goodwill	(194,843)	–
Others, net	(4,054)	(869)
	<u>(249,636)</u>	<u>200,747</u>

8 FINANCE COSTS

	Year ended December 31	
	2022	2021
	RMB' 000	RMB' 000
Interest expenses on liability component of convertible bonds	94,689	51,863
Interest expenses on borrowings	64,348	29,451
Interest expenses on lease liabilities	8,409	9,819
Interest expenses on put option liability	3,617	–
	<u>171,063</u>	<u>91,133</u>

9 FINANCE INCOME

	Year ended December 31	
	2022	2021
	RMB' 000	RMB' 000
Interest income on bank deposits held for cash management purpose	<u>21,322</u>	<u>15,563</u>

10 TAXATION

(a) Value added tax

The Group is mainly subject to 6% and 13% VAT, and surcharges on VAT payments according to PRC tax law. The Group enjoyed Super Deduction of input VAT since April 2019 (Note 6(i)).

(b) Income tax

	Year ended December 31	
	2022	2021
	RMB'000	RMB'000
Current tax	9,490	12,279
Deferred income tax	(80,354)	7,789
Income tax (credit)/expenses	<u>(70,864)</u>	<u>20,068</u>

(i) Cayman Islands Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the year ended December 31, 2022.

(iii) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC are qualified as “high and new technology enterprises” and are subject to a preferential income tax rate of 15% from 2020 to 2023, or 2021 to 2024.

(iv) PRC withholding Tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the years ended December 31 2022 and 2021 as majority of subsidiaries incorporated in the PRC have accumulated losses as at December 31, 2022 and 2021.

11 DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2021 and 2022.

12 LOSS PER SHARE

(a) Basic

Basic loss per share for the years ended December 31, 2022 and 2021 are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares excluding treasury shares and shares held for RSU scheme during the respective years.

	Year ended December 31	
	2022	2021
Net loss attributable to the equity holders of the Company (RMB' 000):		
Continuing operations	(1,827,714)	(745,431)
Discontinued operations	<u>(852)</u>	<u>(37,592)</u>
	(1,828,566)	(783,023)
Weighted average numbers of ordinary shares in issue	<u>2,513,221,578</u>	<u>2,402,215,702</u>
Basic loss per share (expressed in RMB per share):		
Continuing operations	<u><u>(0.73)</u></u>	<u><u>(0.31)</u></u>
Discontinued operations	<u><u>-</u></u>	<u><u>(0.02)</u></u>

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended December 31, 2022 and 2021, convertible bonds issued by the Company and restricted shares units ("RSUs") granted to employees are considered to be potential ordinary shares. As the Group incurred losses for the years ended December 31, 2022 and 2021, the dilutive potential ordinary shares of convertible bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Accordingly, diluted loss per share for the years ended December 31, 2022 and 2021 was the same as basic loss per share of the respective period.

13 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at December 31	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Deposits – third parties	12,704	15,555
Long term loan receivables due from a related party	<u>56,000</u>	<u>5,619</u>
	<u>68,704</u>	<u>21,174</u>
Current		
Other receivables in relation to payment on behalf of advertisers – third parties	794,920	805,341
Prepayments for purchasing advertising traffic	258,356	580,449
Recoverable value-added tax	91,211	75,047
Other loan receivables due from third parties	25,073	3,205
Prepayments to other vendors	34,172	26,027
Deposits – third parties	32,427	25,011
Contract fulfillment cost	27,415	26,003
Other receivables due from related parties	15,408	12,935
Prepayments for contract operation service costs	10,371	9,411
Other loan receivables due from related parties	7,676	119,588
Prepayments for rent and property management fee	3,661	3,947
Interest receivable from deposits within three months and restricted cash	3,247	–
Receivables in relation to value-added tax refund (<i>Note 6(ii)</i>)	2,943	5,888
Staff advance	2,432	3,379
Prepayments for purchasing advertising services	1,942	3,013
Prepayment to related parties	549	1,536
Others	<u>9,060</u>	<u>3,699</u>
	1,320,863	1,704,479
Less: provision for impairment of other receivables	<u>(266,536)</u>	<u>(95,232)</u>
	<u>1,054,327</u>	<u>1,609,247</u>

14 TRADE AND NOTES RECEIVABLES

	As at December 31	
	2022	2021
	RMB'000	RMB'000
Trade receivables due from third parties	292,872	333,197
Trade receivables due from related parties	46,734	17,624
Notes receivables	37,300	13,481
Less: Provision for impairment of trade and notes receivables	(576)	(2,834)
	<u>376,330</u>	<u>361,468</u>

The Group usually grants a credit period of 30 to 90 days to its customers. Aging analysis of trade and notes receivables (before allowance for doubtful debts) based on recognition date is as follows:

	As at December 31	
	2022	2021
	RMB'000	RMB'000
0 – 90 days	365,579	354,446
90 – 180 days	4,030	1,417
Over 180 days	7,297	8,439
	<u>376,906</u>	<u>364,302</u>

(i) Impairment of trade and notes receivables

The Group applied the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade and notes receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rate is updated and changes in the forward-looking estimates are analysed.

As at December 31, 2022 and 2021, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values.

15 TRADE AND OTHER PAYABLES

	As at December 31	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Loan payable to a third party (a)	2,250	2,500
Payable related to business acquisition (b)	2,906	2,906
	<u>5,156</u>	<u>5,406</u>
Current		
Advance from advertisers-third parties	561,323	477,823
Payroll and welfare payables	442,520	354,132
Payable related to investments and business acquisitions (b)	145,711	495,847
Other taxes payable	77,206	73,009
Payable related to property, plant and equipment	54,687	2,923
Trade payables for purchasing advertising traffic	37,056	134,349
Commission payable	27,860	12,876
Amount due to related parties	12,875	12,443
Deposits	11,756	13,830
Auditors' remuneration accrual	3,501	4,968
Payment received from end customers through e-commerce platform on behalf of merchants	3,305	504
Payable related to factoring cost	2,496	5,195
Payable related to purchase non-controlling interests	–	2,341
Other payables and accruals	45,827	46,777
	<u>1,426,123</u>	<u>1,637,017</u>

- (a) In November 2021, Heading, a subsidiary of the Group entered into unsecured interest free three-years loan agreements with an individual and borrowed RMB2,500,000 from the individual, among which, RMB250,000 has been paid.
- (b) As at December 31, 2022, payable related to investments and business acquisitions included payable related to the acquisition of Xiangxinyun of RMB83,414,000, the acquisition of Heading of RMB61,297,000, and the acquisition of Xiangminiao of RMB3,906,000. For payable related to Xiangminiao, RMB2,906,000 is classified as non-current payable as it will be paid when Xiangminiao becomes profitable.

As at December 31, 2022 and 2021, the aging of the trade payables is all within 3 months.

16 SUBSEQUENT EVENTS

On January 13, 2023, the Company issued 248,000,000 placing shares to certain investors at the placing price of HK\$6.41 per share and raised net proceeds of approximately HKD1,569,000,000 (equivalent to approximately RMB1,352,218,000).

USE OF PROCEEDS FROM ISSUE OF THE 2020 CONVERTIBLE BONDS, PLACING AND ISSUE OF THE 2021 CONVERTIBLE BONDS

In May 2020, Weimob Investment Limited (the “**Bond Issuer**”), a wholly-owned subsidiary of the Company, completed the issue of convertible bonds (the “**2020 Convertible Bonds**”), and raised net proceeds of approximately US\$146.6 million. As of December 31, 2022, the Company had fully utilized the proceeds as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2022:

Use of proceeds	Net proceeds utilized up to December 31, 2022 <i>(US\$ million)</i>	Unutilized net proceeds as of December 31, 2022 <i>(US\$ million)</i>	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities which mainly includes purchasing hardware equipment and paying employees’ remuneration	58.6	–	Not applicable
Upgrading the Group’s marketing system	29.3	–	Not applicable
Establishing industry funds	36.7	–	Not applicable
Supplementing working capital	22.0	–	Not applicable

In June 2021, the Company completed the placing of 156,000,000 new shares and raised net proceeds of approximately HK\$2,315.6 million. As of December 31, 2022, the Company had utilized HK\$1,681.3 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2022:

Use of proceeds	Net proceeds utilized up to December 31, 2022 <i>(HK\$ million)</i>	Unutilized net proceeds as of December 31, 2022 <i>(HK\$ million)</i>	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	523.5	634.3	By December 31, 2023
Upgrading the Group’s marketing system	347.3	–	Not applicable
Supplementing capital for potential strategic investment and merger and acquisition and working capital	463.2	–	Not applicable
General corporate purposes	347.3	–	Not applicable

In June 2021, the Bond Issuer completed the issue of the convertible bonds (the “**2021 Convertible Bonds**”) and raised net proceeds of approximately US\$293.6 million. As of December 31, 2022, the Company had utilized US\$88.9 million as intended. The table below sets out the details of actual usage of the net proceeds as of December 31, 2022:

Use of proceeds	Net proceeds utilized up to December 31, 2022 <i>(US\$ million)</i>	Unutilized net proceeds as of December 31, 2022 <i>(US\$ million)</i>	Expected timeline of full utilization
Improving the Group’s comprehensive research and development capabilities	–	146.8	By December 31, 2023
Upgrading the Group’s marketing system	21.9	22.1	By December 31, 2023
Supplementing capital for potential strategic investment and merger and acquisition and working capital	58.8	–	Not applicable
General corporate purposes	8.2	35.8	By December 31, 2023

The expected timeline for fully utilizing net proceeds is based on the best estimation of the future market conditions made by the Company. It may be subject to change based on the current and future development of market conditions.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2022.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (the “**Corporate Governance Code**”).

During the year ended December 31, 2022, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision C.2.1 of the Corporate Governance Code.

Code provision C.2.1 of the Corporate Governance Code requires that the roles of chairman of the board of directors and chief executive officer should be separate and should not be performed by the same individual. Mr. SUN Taoyong is the Chairman of the Board and chief executive officer of the Company. Throughout the business history of the Company, Mr. SUN Taoyong has been the key leadership figure of the Group, who has been primarily involved in the strategic development, overall operational management and major decision making of the Group. Taking into account the continuation of the implementation of the Company's business plans, the Directors consider that at the current stage of development of the Group, vesting the roles of both Chairman and the chief executive officer in Mr. SUN Taoyong is beneficial and in the interests of the Company and its shareholders as a whole. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended December 31, 2022.

SUBSEQUENT EVENT

References are made to the announcements of the Company dated January 6, 2023 and January 13, 2023, respectively. On January 13, 2023, the Company completed the placing of a total of 248,000,000 new shares (the "**Placing Shares**") of the Company (the "**Placing**") at the placing price of HK\$6.41 per share. The Placing Shares were placed to not less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties of the Company. None of the placees and their ultimate beneficial owners became a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

The net proceeds to the Company from the Placing are approximately HK\$1,568.7 million. The Company intends to apply the net proceeds for improving the Group's comprehensive research and development capabilities, upgrading the Group's marketing system, supplementing working capital, and general corporate purposes.

Save as disclosed in this announcement, there are no material subsequent events undertaken by the Group after December 31, 2022 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended December 31, 2022, the Company has purchased a total of 31,643,000 shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with an aggregate amount of HK\$133,438,099.6, pursuant to the share buy-back mandate approved by our shareholders at the annual general meetings held on June 29, 2021 and June 29, 2022. As at the date of this announcement, the bought-back shares were subsequently cancelled. Details of shares purchased during the year ended December 31, 2022 are set out as follows:

Month of repurchases	Number of shares purchased on the Stock Exchange	Price paid per share		Aggregate consideration paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2022	9,010,000	7.37	5.63	60,474,616.0
February 2022	5,773,000	5.42	4.94	29,977,096.0
October 2022	16,860,000	2.88	2.32	42,986,387.6

During the year ended December 31, 2022, the Company has repurchased and cancelled the 2021 Convertible Bonds listed on the Stock Exchange with a principal amount of approximately US\$25.38 million through the open market for a total price of approximately US\$15.83 million, representing approximately 8.46% of the initial aggregate principal amount of the 2021 Convertible Bonds.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended December 31, 2022.

AUDIT COMMITTEE

The Board has established the Audit Committee (the “**Audit Committee**”), comprising of three independent non-executive Directors, namely, Mr. TANG Wei (Chairman), Mr. SUN Mingchun and Mr. LI Xufu. The primary duties of the Audit Committee are to review and supervise our Company's financial reporting process, risk management and internal controls.

The Audit Committee has, together with the senior management of the Company and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended December 31, 2022.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive loss and consolidated statement of financial position and the related notes thereto for the year ended December 31, 2022 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weimob.com). The annual report of the Company for the year ended December 31, 2022 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board

Weimob Inc.

SUN Taoyong

Chairman of the Board and Chief Executive Officer

Shanghai, the PRC
March 30, 2023

As at the date of this announcement, the Board comprises Mr. Sun Taoyong, Mr. Fang Tongshu, Mr. You Fengchun and Mr. Huang Junwei as executive Directors; and Mr. Sun Mingchun, Mr. Li Xufu and Mr. Tang Wei as independent non-executive Directors.